



INTERNAL AUDIT CONTROLS EVALUATION CIVIC CENTER MAINTENANCE

August 16, 2004

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed an audit of Roanoke Civic Center's building maintenance function. We performed the audit in accordance with generally accepted government auditing standards.

BACKGROUND

The Roanoke Civic Center was opened in March of 1971 and includes three major venues: the coliseum, the auditorium and the exhibit hall. The civic center complex has over 53,000 square feet of rentable space and an undetermined amount of office, storage and other operational space. The interior space in the civic center includes a stage, lighting and sound infrastructure, exhibit space, offices, storage rooms, the box office, restrooms, locker rooms, dressing rooms, a fully-equipped kitchen, fully-equipped concession areas, and equipment rooms. Maintenance is also responsible for the parking lot surface and lighting, as well as the sidewalks, steps, building exteriors, roofs, loading docks, and maintenance at Victory Stadium.

When we reviewed the structure of the maintenance staff for this audit, we found that over the years, the full-time staff had been reduced to two electricians and a general supervisor. These three staff members have each been with the Civic Center for over 20 years. The maintenance staff is supplemented by using unskilled part-time employees to assist them in event setup and by using contractors to perform certain maintenance items as needed.

PURPOSE

The purpose of this audit was limited to evaluating the system of controls over the specific maintenance functions listed below:

- Scheduling repairs, routine, and preventive maintenance
- Managing labor and parts inventory

SCOPE

Our audit focused on the system of internal controls in place as of February 1, 2004. We tested work performed and purchases made between January 1, 2003, and January 31, 2004. We did not evaluate maintenance management related to Victory Stadium.

METHODOLOGY

We planned the audit by reviewing the most recently updated information on the Civic Center. This included the 1998 business plan, budgets, financial data, and job descriptions. We then interviewed Civic Center supervisors and staff about the maintenance function and walked through the complex in order to understand the nature of the facilities and equipment maintained. Due to a lack of documented procedures, we attempted to document processes based on interviews and observations. We performed only limited test work due to the informal nature of processes followed and the resulting lack of documented records regarding assets managed and work performed. Additional interviews and meetings were held with management to discuss our evaluation and to develop action plans to strengthen internal controls. Audit findings will be reviewed in the future as part of our annual audit findings follow-up assignment.

RESULTS

As mentioned in the background and methodology sections of this report, the maintenance function is reduced in size and has no formal, documented procedures. The three full-time members of the maintenance staff have a tremendous amount of institutional knowledge that only exists within them and is not documented elsewhere. While the staff has done an admirable job of satisfying the immediate maintenance needs of the Civic Center, we have noted significant weaknesses in the system of internal controls as detailed below.

Finding 01 – Mission, Goals, Performance Measures

The maintenance function has not defined and documented a clear mission, goals, and performance measures. As a result, the department has not had a proper foundation from which to organize the function, or to plan and manage staffing and resources. At the time of the audit, the staff of three was kept busy performing immediate repair needs, event setups, and standby at events to satisfy repair needs that arose. Very little time, if any, could be dedicated to planning capital maintenance and performing routine and preventive maintenance at the facility.

Agreed Upon Action 01 – Mission, Goals, Performance Measures

As part of the effort to revise the Civic Center's 1998 strategic business plan, department supervisors have been asked to develop goals and objectives for

their areas of responsibility. The Civic Center has hired a new Facilities Operations Engineer who is responsible for establishing the maintenance department's mission, goals, performance measures and for reorganizing the staff. As part of the reorganization, the maintenance department was consolidated with operations and housekeeping. By doing so, they will be able to pool their staffing resources and minimize idle time. The Civic Center is receiving two additional full-time maintenance staff in the 2005 budget to address the Civic Center's capital maintenance needs. The Facilities Operations Engineer will be responsible for defining the specific job responsibilities for each position in order to ensure all maintenance responsibilities are addressed.

The maintenance staff is also currently working with the Department of Technology to implement the maintenance management module of the Event Business Management System (EBMS) acquired in November 2000. This module will provide the means to compile a complete record of all significant assets and each asset's specifications for maintenance. It will also provide a work order system that will be used to schedule and prioritize routine and preventive maintenance work. The work order system will also record labor and parts usage, providing better control over labor and parts and documenting the repair history for each asset in the system. This basic information is the foundation of a maintenance function. It provides the means to better manage resources and is necessary for the development of a long term capital maintenance and replacement plan.

Finding 02 – Policies & Procedures

The maintenance department does not have documented operational policies and procedures. Members of the maintenance staff operate based on their accumulated experience and knowledge without any written guidance addressing the scheduling, planning, or supervision of work. This increases the risk that more valuable routine and preventive maintenance work will be delayed in favor of less valuable as needed repair work. It increases the risk that work will be performed without getting the proper building permits and without proper inspections to ensure satisfactory work.

There are also no processes for maintaining records of assets, maintenance performed, labor expended, or parts purchased and used. This significantly increases the risks that assets will not be properly maintained and accounted for, and that labor and parts will be ineffectively and inefficiently utilized. The absence of any fundamental records is a barrier to effective management and budgeting of capital and maintenance resources. Due to the lack of records, we were unable to evaluate the efficiency or effectiveness of operations, or the extent to which assets have been properly safeguarded.

Agreed Upon Action 02 – Policies & Procedures

As noted under finding 01, the maintenance function is defining its mission and goals as part of the process of revising the Civic Center's strategic business plan. This will entail defining responsibilities of the maintenance function and within that function, defining the responsibilities of individual staff positions.

The Facilities Operations Engineer is also working on the implementation of the maintenance management module of EBMS. Implementing this module will force dramatic changes in the process for planning, conducting and managing maintenance work. As part of the implementation process, the maintenance department plans to develop a comprehensive manual of operating policies and procedures that specifies how maintenance work will be conducted. The manual will include methods of operation, warranty management, inventory management, and references to mandates and regulations. The manual will also include forms and reports used in the maintenance process.

The Facilities Operations Engineer is already compiling a list of significant assets, job specifications, and various record keeping templates that can be loaded into EBMS. The target date for full implementation of the maintenance management module is July 31, 2004. Formal policies and procedures for Maintenance and Operations staff will be developed by June 30, 2005. The policy and procedures manual will be revised annually to ensure it reflects current processes.

CONCLUSION

Based on the results of our audit work, we conclude that the overall design of the system of internal controls should be strengthened to provide greater assurance that civic center maintenance is conducted in an effective and efficient manner.

We want to thank management and staff at the Civic Center for their cooperation and assistance during this audit.

Brian M. Garber
Senior Auditor

Michael J. Tuck, CPA, CGAP
Assistant Municipal Auditor

Drew Harmon, CPA, CIA
Municipal Auditor